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USAID STRATEGIC ECONOMIC RESEARCH AND ANALYSIS – ZIMBABWE (SERA) PROGRAM

QUARTERLY PROGRESS REPORT PROGRAM QUARTER 17: OCTOBER-DECEMBER 2015

CONTRACT NO. AID-613-C-11-00001

This report was produced by Nathan Associates Inc. for review by the United States Agency for International Development (USAID).

January 29, 2016

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Program Title: USAID Strategic Economic Research & Analysis – Zimbabwe (SERA)

Sponsoring USAID Office: USAID/Zimbabwe

Contract Number: AID-613-C-11-00001

Contractor: Nathan Associates Inc.

Date of Publication: January 29, 2016

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ACRONYM LIST

BMO	Business Membership Organization
CBR	Central Business Register
CIPE	Center for International Private Enterprise
COMZ	Chamber of Mines of Zimbabwe
COP	Chief of Party
COTR/COR	Contracting Officer's Technical Representative/ Contracting Officer's Representative
CSO	Civil Society Organization
CZI	Confederation of Zimbabwe Industries
DFID	Department for International Development
DB	Doing Business
GOZ	Government of Zimbabwe
HCC	Harare City Council
IPEC	Insurance and Pensions Commission
LEDRIZ	Labor and Economic Development Research Institute of Zimbabwe
M&E	Monitoring and Evaluation
MEFMI	Macroeconomic and Financial Management Institute
MJLPA	Ministry of Justice, Legal & Parliamentary Affairs
MOFED	Ministry of Finance and Economic Development
MP	Member of Parliament
NECF	National Economic Consultative Forum
NMMU	Nelson Mandela Metropolitan University
OPC	Office of the President and Cabinet
POZ	Parliament of Zimbabwe
QPR	Quarterly Performance Report
RBZ	Reserve Bank of Zimbabwe
RRI	Rapid Results Initiative
SAPST	Southern African Parliamentary Support Trust
SERA	Strategic Economic Research and Analysis
SMEAZ	Small and Medium Enterprises Association of Zimbabwe
SOW	Scope of Work
SS	Survey of Services
STTA	Short-Term Technical Assistance
UNDP	United Nations Development Program
UP	University of Pretoria
USAID	United States Agency for International Development
UZ	University of Zimbabwe
VAT	Value Added Tax

WB	World Bank
ZEPARU	Zimbabwe Economic Policy Analysis and Research Unit
ZIA	Zimbabwe Investment Authority
ZIMRA	Zimbabwe Revenue Authority
ZIMSTAT	Zimbabwe National Statistics Agency
ZNCC	Zimbabwe National Chamber of Commerce

SERA HIGHLIGHTS – PROGRAM QUARTER 17

Short and Long-term Training

In collaboration with the Macroeconomic and Financial Management Institute (MEFMI), SERA supported the first of the three phases of the Macroeconomic Modelling workshop hosted by the Reserve Bank of Zimbabwe (RBZ). 12 participants (10 men and 2 women) from the RBZ attended the training. The training focused on analyzing the structure and overview of macro econometric models at central banks and guiding the participants in the construction of such models. The final product will be an operational macroeconomic model built using E-Views software for use in policy simulation, forecasting, and economic analysis.

M.Sc. Bursary

Three female government economists pursued the part-time M.Sc. program in Economics at the University of Zimbabwe. The group is comprised of one economist each from ZIMRA, the Ministry of Youth Development Indigenization and Empowerment, and the Ministry of Transport, Communication and Infrastructural Development. The three students are in their final year and are scheduled to complete their studies in 2016.

Ph.D. Bursary

The SERA program continued to support two economists pursuing part-time Ph.D. programs in Economics at South African universities. Of these two students, one successfully completed his part-time study program for a Ph.D. in Economics at the Nelson Mandela Metropolitan University (NMMU), Port Elizabeth, South Africa, and will receive his Ph.D. degree during Q18. The second candidate will earn his Ph.D. in Economics from the University of Pretoria during 2016.

Assistance to other Partners

Starting a Business

SERA further pursued recommendations of the original Starting a Business Study “**On the Brink of Break-Through: Starting a Business in Zimbabwe**” by undertaking of necessary regulatory reforms in the company registration and municipal licensing systems. During Q17 SERA provided technical assistance in collaboration with the World Bank to the Starting a Business Thematic Working Group, escalating its input as part of the Rapid Results Initiative (RRI) 100-Day Work plan to accelerate the Doing Business (DB) reforms. As part of this input, SERA supported a Zimbabwean delegation study tour to the New Zealand Company Registry Office, to gain exposure to the best practices in company registry systems.

CIPE Corruption Survey

During Q17, the Center for International Private Enterprise completed the “**Business Transactional Corruption Survey**” with support from SERA. The Survey examines specific areas where opaque terms, duplicate regulations, lack of access to information, or too much discretionary power given to a public sector agency or service provider lend to opportunities and instances of transactional corruption. CIPE finished and delivered the survey in Q17, with a total of 403 companies successfully surveyed. The Survey results point to a high incidence of transactional corruption across the entire public sector/agency service value chain, with varied impacts across business depending on size. A Stakeholder Validation Workshop is planned for delivery in early Q18 to raise awareness on the nature and impact of corruption on the Zimbabwean economy. The survey results are envisaged to provide entry points for specific reforms and policy advocacy initiatives to stem the scourge of corruption, which has negatively impacted the country’s doing business parameters.

1. INTRODUCTION

The USAID Strategic Economic Research and Analysis — Zimbabwe (SERA) Program contract took effect on October 1, 2011, with Nathan Associates Inc. (hereinafter “Nathan”) as the prime implementing partner, for a performance period of four years. USAID developed the SERA Program in partnership with the Ministry of Finance and Economic Development (MOFED) with three **Strategic Objectives**, which may be summarized as follows:

1. Improved economic environment for inclusive growth through evidence-based policy analysis and research.
2. Strengthened capacity for policy development institutions.
3. Improved economic data for use by researchers, policy makers, and other stakeholders.

To achieve these objectives, the program is structured to produce four major results:

1. Improved human capacity for evidence-based economic policy analysis and policy management.
2. Strengthened institutional capacity in Government Departments for analyzing, adapting and implementing evidence-based economic policy options.
3. Strengthened research institutions providing analytical support to the economic policy process in response to needs of policy makers.
4. Improved quality, timeliness, and availability of economic data and statistics.

To produce these results the SERA contract specifies the following services and tasks:

1. Management and Administrative Services for assistance to a range of Government of Zimbabwe ministries, agencies, and civil society organizations, including, among other things, provision of short- and long-term technical advisors, research and training.
2. Technical Services for implementation of a demand-driven agenda to support the twin foci of policy reform and capacity development to a variety of stakeholders, including:
 - a. Assistance to the Public, Private and Civil Society Organizations on
 - i. Policy Research and Analysis
 - ii. Parliamentary Training
 - iii. Training of Economists (short-term and long-term)
 - iv. Workshops (research dissemination and policy dialogue events).
 - b. Assistance to ZIMSTAT

Our mandate is to deliver demand-driven support to strengthen human and institutional capacity for partner organizations; provide evidence-based research to the government in areas of vital policy concern; rebuild the statistical foundations for economic studies and policy management; and create platforms for research dissemination and public discussion of research findings, as a bridge from technical analysis to effective reform. Nathan has been pursuing these aims primarily by providing technical and financial support to a wide variety of agencies on one hand, and ZIMSTAT on the other as our principal partner organizations.

The present Quarterly Progress Report (QPR) covers SERA Program Quarter 17, October-December, 2015. The report discusses progress on each of the Services and Tasks cited above, challenges faced, and plans for the next quarter. **Annex 1** provides the latest update of the Performance Monitoring Indicators from our revised Monitoring and Evaluation Plan, as approved by USAID in October 2014.

2.MANAGEMENT AND ADMINISTRATIVE SERVICES

SERA's management and administrative activity during the reporting period focused on operations, fulfilling reporting requirements, and implementation of the work program for FY 2016.

Management and Administration of Operations

As Q17 was the first quarter of SERA's extension to a 5th Year, SERA finalized the annual work program for Year 5 while continuing normal operations. Nevertheless, operations continued to proceed smoothly during the quarter under review. Recurring tasks included maintaining accounts and records, making timely payment of wages and payroll and taxes, managing equipment inventory, and ensuring compliance with USAID regulations on procurements and activities. Nathan headquarters continued to provide efficient backstopping in the areas of contract administration, recruitment and deployment of consultants, financial management, and reporting.

As in the previous four years of the contract, the SERA Program continued to maintain full and open communications with USAID/Zimbabwe, which is a critical element of the program's field operations. SERA Chief of Party (COP) Daniel Ndlela and the two Technical leads (TLs), Senior Program Advisor Ashok Chakravarti and Senior Economist Rongai Chizema, continued to hold regular weekly meetings with USAID Contracting Officer's Representative (COR) Tom DiVincenzo, who replaced Joshua Smith near the end of the previous quarter.

SERA manages and administers all program activities in close collaboration with SERA's primary partner organizations, including ZIMSTAT, ZIA, COMZ, ZNCC and CZI. Other regular Tasks SERA is implementing include developing and supervising STTA assignments, training events, equipment procurements, and workshops and conferences. The technical sections below capture these activities (see Technical Services: Assistance to ZEPARU and to ZIMSTAT), along with the agenda of activities that are under development for the next quarter (see Planning for the next Quarter).

VAT Refunds

As of the end of Q17, the SERA program has not yet received VAT refunds from the Zimbabwe Revenue Authority (ZIMRA) for claims from October through December, 2015. However, these have been made available, and as of the end of Q17 the total refund received is \$50,853.92 out of a total claim of \$59,437.42, leaving \$8,583.50 in refund claims outstanding through December 2015. The SERA Finance Officer will continue to communicate with the USAID Controller's office to facilitate the recovery of VAT paid by Nathan Associates.

Reports

During Q17, SERA complied with all periodic reporting requirements, including submission of the quarterly financial and accrual reports. The program also submitted periodic weekly "bullets" on program highlights for distribution by USAID/Zimbabwe as warranted by activities.

Technical Management

The COP continued to manage the program during Q17 with focused support from the two TLs. As shown in the Q16 QPR, the two TLs have continued to divide their technical responsibilities as follows:

Ashok Chakravarti

- Mining Information Mapping Study
- Grain Marketing and Pricing study
- Wage Structure Diagnostic Study
- Business Registration Reform System, including review of the Companies Act

Rongai Chizema

- Pension Industry Study
- Survey of Transactional Corruption
- Parliamentary Training and Capacity Building
- Municipal Licensing System

Daniel Ndlela

The COP retained technical leadership in the remaining work streams, namely:

- RBZ Financial Programming and Policies and Phase 1 of the Macroeconomic Model of Zimbabwe Training Project co-sponsored with MEFMI
- Backstopping ZIMSTAT's continued CBR and SS activities, as well as work on the final stages of the ZIMSTAT website.

During Q17 the Nathan Headquarters team of Matthew Dellinger, Peter Miller, Tess Perselay, and Timothy Filla continued to coordinate and facilitate projects inputs. During the quarter under review, the headquarters team also coordinated ZIMSTAT's inputs on the Survey of Services Data Quality Report, Imputation Plan, and others.

3. TECHNICAL SERVICES: ASSISTANCE TO ZEPARU

SERA's support during Q17 has continued the strategic shift towards providing more technical assistance affecting ongoing national policy reforms while pursuing high-value training activities. SERA's support to ZEPARU focused primarily on the training of economists (short-term and long-term). SERA's Training Coordinator, Evidence Ndari, continued to manage ZEPARU's training activities.

SERA also continued to support the ZEPARU website, as it hosts vital publications that were funded by SERA program and continues to be a vital source of policy information. However, ZEPARU's service provider lost the files hosted on the website, and in response ZEPARU has undertaken the rehabilitation of the website with SERA support. The SERA COP has continued to work with ZEPARU's Outreach Officer to improve its dissemination of data and analyses.

Training of Economists (short-term)

During Q17, SERA, the RBZ, and MEFMI held the first of the three phases of the Macroeconomic Modelling workshop from October 12 to 16, 2015 at the Kadoma Hotel and Conference Centre. 12 participants (10 men and 2 women) from the RBZ attended the workshop. SERA supported the training workshop with MEFMI, which provided the technical assistance to develop a small-scale macroeconomic model for Zimbabwe. The training focused on analyzing the structure and overview of macro econometric models at central banks and guiding the participants in constructing such a model for the RBZ. The final product will be an operational macroeconomic model built using E-Views Software for use in policy simulation, forecasting, and economic analysis. During the workshop, participants were given specific tasks in preparation for the subsequent phase of the training, which is scheduled for April 2016. The second phase will focus on developing an operational macro econometric model involving specifying macroeconomic blocks, constructing the model object, model testing, and experimentation.

SERA and the RBZ are planning the third phase of the Financial Programming course, which is scheduled for March 14 to 18, 2016. The Financial Programming training is a macroeconomic institution-building exercise meant to develop a macroeconomic model that incorporates consistent accounts and behavioral equations of the main macroeconomic agents. Phase II focused on examining data gaps and eliminating data inconsistencies. Phase III is set to focus on the construction of a forecasting scenario.

Training of Economists (long-term)

M.Sc. Bursary

SERA funding for the long-term training of economists through the ZEPARU Economic Scholars Program continued in Q17 with bursaries for three female government economists pursuing the part-time M.Sc. program in Economics at the University of Zimbabwe. The group comprises of 1 economist each from ZIMRA, Ministry of Youth Development Indigenization and Empowerment, and the Ministry of Transport, Communication, and Infrastructural Development. Details of the bursary coverage have been explained in previous QPRs. The students are in their final year and are scheduled to complete their studies in 2016.

Ph.D. Bursary

In Q17, The SERA program continued supporting two economists pursuing part-time Ph.D. programs in Economics at South African universities. Of these students, one, Mr. William Kavila, Chief Economist in the Economic Research & Policy Enhancement Division at the Reserve Bank of Zimbabwe, successfully earned his Ph.D. in Economics at the Nelson Mandela Metropolitan University (NMMU), Port Elizabeth, South Africa. Mr. Kavila will receive his Ph.D. degree in April

2016. He successfully completed his Ph.D. thesis entitled “A Dynamic Analysis of the Role of Monetary Policy in Zimbabwe under Periods of Hyperinflation and Dollarization”.

The USAID SERA program continues to fund the remaining ZEPARU Ph.D. scholar, who is also an RBZ economist. Mr. Prudence Stephen Moyo is a Senior Economist in the Economic Research Division at the RBZ, pursuing his Ph.D. in Economics at the University of Pretoria in South Africa. His dissertation is entitled “Macroeconomic Dynamics and Stability in a dollarized economy: A case for Zimbabwe”.

During Q17, Mr. Moyo continued working towards his degree and met regularly with his advisor to seek guidance on his thesis. Chapter 3 of his thesis, on Optimal Fiscal Policy in a Dollarized Economy is under review by his supervisor. He is currently working on Chapter 4 of his thesis, which focuses on the modelling and programming aspects of estimating a DSGE model for Zimbabwe.

4. TECHNICAL SERVICES: ASSISTANCE TO OTHER PARTIES

Mining Revenue Transparency

The “Mineral Revenue Disclosure and Information Mapping Study” seeks to bridge the knowledge gaps between mining stakeholders, government, and business by carrying out an Information Mapping exercise. The activity’s goal is to clarify the various stages in the mining cycle and to identify gaps in the information currently available for stakeholders for investment, regulation, taxation, community benefit extraction, transparency and accountability. For dissemination, SERA is engaging the Chamber of Mines of Zimbabwe (COMZ) to organize and champion the stakeholders’ validation and dissemination workshop, which will take place in Q18. In addition, in Q18 SERA will support the dissemination workshop for the COMZ Survey study on the State of the Mining Sector, to be followed by holding of the Dissemination workshop on the “Mineral Revenue Disclosure and Information Mapping Study”, undertaken with SERA support.

Starting a Business

SERA continued activities supporting the recommendations from its study **“On the Brink of Break-Through: Starting a Business in Zimbabwe.”** These activities are currently engaging key stakeholders to examine and undertake necessary regulatory reforms in the company registration and municipal licensing systems.

Business Registration

During Q17, SERA continued providing technical assistance in collaboration with the World Bank to the Starting a Business Thematic Working Group, escalating its input as part of the OPC/Rapid Results Initiative (RRI) 100-Day Work plan to accelerate the Doing Business (DB) reforms.

As part of this input, SERA supported a Zimbabwean delegation study tour to the New Zealand Company Registry Office, to gain exposure to the best practices in company registry systems. The Delegation was led by the Permanent Secretary of the Ministry of Justice, Legal and Parliamentary Affairs (MJLPA), and also included the Deputy Chairman of the Law Development Commission and the Deputy Registrar of companies. New Zealand is currently ranked as the best country in the world in terms of the World Bank DOB rankings, and they currently host the world’s most robust and business-friendly company registry system. New Zealand currently works with Lesotho, Botswana, and Uganda to roll-out company registry reforms, and therefore Zimbabwe stood to benefit immensely from a learning visit. The lessons learned on the trip have already influenced the ongoing work towards drafting a new Company Law for Zimbabwe, a major priority for the government, with the New Zealand Company Act being used as a benchmark resource in this exercise.

During Q17 SERA also mobilized international consultant Thomas Jersild and local consultant Philippa Philips to support a review of the Companies Act and Private Business Corporation Act. The new Act, which is based on international best practices, is due to be tabled in Parliament during Q18. During Q18, we envisage additional work towards improving the business regulatory regime as Doing Business reforms are escalated ahead of the 2017 World Bank Doing Business review, which is anticipated to occur in the middle of Q19.

Municipal Licensing

The Starting a Business study revealed that more than 60% of bottlenecks to doing business in Zimbabwe are due to the bureaucratic municipal business licensing system. In response, SERA initiated a Business License Mapping exercise with the Harare City Council (HCC) during Q15, in which it identified specific reforms to the current business licensing system to improve the doing business environment in the country. Following the successful High-Level Stakeholder Workshop on Municipal Business licensing that SERA hosted on September 30, 2015, significant gains have been made toward the implementation of specific reforms to simplify the business licensing regime in the

City of Harare. The Acting Town Clerk introduced the Workshop Resolutions during a full Council meeting in October 2015, and the Council unanimously adopted them. However, to date the Council, has not reached a consensus on proposals to reduce the basic shop licensing fee from the current level of US\$530 to US\$200. To help the Council reach an informed decision, SERA will provide technical support during Q18 for a revenue sensitivity exercise, which will help evaluate the impact of such a change on government revenues. During Q18 we anticipate the escalating reforms to cover other local authorities as part of efforts to streamline the entire municipal business licensing regime country-wide.

Transactional Corruption in Business Survey

During Q17 SERA completed the **“Business Transactional Corruption Survey”**. The Center for International Private Enterprise and local research company Q-Partnership implemented the study in response to a request from the Business Membership Organizations (BMOs). These BMOs include the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), and the Small and Medium Enterprises Association of Zimbabwe (SMEAZ). The Survey, conducted under the theme **“Cost of Compliance”**, examines specific areas where opaque terms, duplicate regulations, lack of access to information, or too much discretionary power given to a public sector agency or service provider lend to opportunities and instances of transactional corruption. It also assesses the overall economic impacts of such corruption and in what sectors of the economy and business processes it is most common and has the greatest impact.

CIPE completed the survey in Q17, successfully surveying 403 companies in Harare and Bulawayo across the membership of the three BMOs. The Survey results point to a high incidence of transactional corruption across the entire public sector/agency service value chain, with varied impacts across business depending on company size. For instance, the small and medium enterprise sector bears the bulk of corruption costs, compared to their more-established corporate peers. SERA is planning a High-Level Stakeholder Validation Workshop in early Q18 to raise awareness on the nature and impact of corruption on the Zimbabwean economy. This is envisaged to provide entry points for specific reforms and policy advocacy initiatives to stem the scourge of corruption, which has negatively impacted the country’s doing business parameters.

Maize Pricing Study

During Q15 SERA finalized a study entitled **“Maize Marketing and Pricing in Zimbabwe: Implications for Macroeconomic Stability, National Food Security, Grain Industry Viability and Competitiveness”**. Initially, this Study addressed the implications of the Zimbabwe Government Statutory Instrument (SI)-122, which fixed the floor price of maize at \$390 per metric ton. However, during Q18 the GOZ withdrew this controversial Statutory Instrument. As a result, the study instead focused on the broader issues of the optimal maize pricing policy for GOZ to adopt and maize pricing options for consideration by policymakers. The Study also focused on the consequences of the existing maize marketing policy on macroeconomic and price stability, food security, and the viability of the local grain industry. It also contributed to generating consensus among grain industry stakeholders, including processors and consumers, on the appropriate role of the Government in agricultural pricing and procurement in Zimbabwe.

SERA concluded the strategic Study during the quarter under review, leading to a High Level Stakeholder Validation Workshop held on October 9, 2015. The Permanent Secretary for the Ministry of Agriculture, Mechanization, and Irrigation Development led the Workshop in collaboration with the National Economic Consultative Forum (NECF). The Workshop drew participants from the public sector, private sector, and non-state actors in agriculture. The Secretary for Agriculture agreed that there is a need to rationalize the agricultural marketing systems to minimize policy confusion caused by intervention in grain pricing marketing signals. Beyond this, the Parliament of Zimbabwe requested that the study’s findings be presented to the Agriculture Portfolio Committee to strengthen its agriculture policy oversight capacity. This is planned for Q18.

Wage Structure Study

There has recently been considerable debate that labor costs in Zimbabwe are uncompetitive, that the existing structure of wages and salaries in the public and private sectors are inequitable and not justified by considerations of productivity, and that the wage setting mechanisms do not contribute to equity or efficiency. In response to these concerns, SERA initiated an Earnings and Wage Structure Study. A local research firm, LEDRIZ, was mobilized to undertake the research during Q17. The study focuses on the analysis of Zimbabwe's earnings structure and its impact on labor costs, both in the public and private sectors. The study also sought to assess what effects the country's current wage structure has on the macroeconomic capability of the GOZ to support sustainable development and the ability of the economy to remain competitive.

In addition, the Study also covered an assessment of the impact of labor laws, labor market flexibility, wage setting mechanisms, and the regulations and corporate governance standards underlying the determination of wage and management salaries in the public and private sectors, among other factors. LEDRIZ delivered a draft of the study during the quarter, and it is currently undergoing final review. The study will be validated at a High Stakeholder Workshop, to be hosted in collaboration with the National Economic Consultative Forum (NECF) during Q18.

Pension Industry Reform

SERA consulted with the Ministry of Finance and Economic Development (MOFED) and the Insurance and Pensions Commission (IPEC) to plan a study on the pensions industry in Zimbabwe. SERA conducted and delivered the study during the quarter under review. The objective of the study was to expand evidence-based research that will inform appropriate policy reform in the Non-Bank Financial sector covering pensions and insurance. The study was motivated by the observation that this strategic sector complements the banking sector in providing liquidity to the economy, and unlike that the banking sector, it provides stable long-term capital that is crucial for strategic investments, such as physical infrastructure, that anchor private growth, and thus economic development.

SERA hired international consultant Martha Kelly and local consultant Stanley Mutenga to complete the study. They successfully completed the study during the quarter, leading to a High-Level Stakeholder Workshop on November 20, 2015. The Workshop, led by the Permanent Secretary for Finance, also drew the participation of the Permanent Secretary of the Ministry of Labor, Public Service, and Social Welfare, as well as both public and private sector pension industry experts and non-state actors. The 2016 National Budget, which the Minister of Finance and Economic Development presented to Parliament on November 26, 2015, captured some of the resolutions from the workshop. The study output will also complement the current work being undertaken by the Ministry of Finance to strengthen the public pension schemes, corporate governance at the National Social Security Authority (NSSA), and the Commission of Inquiry into the Conversion of Pension's accruals from the Zimbabwe dollar to the US dollar during dollarization.

Parliamentary Training

In collaboration with the Parliament of Zimbabwe (POZ) and ZEPARU, SERA supported preparing the ***Economic Literacy Toolkit and Handbook for Parliamentarians*** in 2014. The Economic Literacy Toolkit is a major tool in addressing the knowledge gaps of Members of Parliament on economics, given the diverse educational backgrounds and experience of the Zimbabwean legislators. Parliament plays a constitutionally central role in Zimbabwe's government, charged with safeguarding public finance resources. As such, economic literacy will have a profound impact on the legislature's capacity to hold the Executive accountable on public financial management, a major variable in economic governance.

Following receipt of a formal request from the Clerk of Parliament in Q16 to support the initial Economic Literacy Session for Chairpersons of Parliamentary Portfolio Committees and a member

from each Portfolio Committee (including Thematic Committees of the Senate), and the Women's Caucus Executive Committee, SERA hosted a one-day pilot economic literacy capacity building session for the legislators on October 26, 2015. The presiding officers of the National Assembly, the Speaker of the National Assembly and the President of the Senate, attended the training. The MPs received the training well, particularly given its timing, which coincided with the National Budget process for 2016. During a follow-up meeting held with the Clerk of Parliament following a request by the USAID Economic Growth Office, the Secretariat expressed its desire to roll-out the training to the rest of Parliament during Q18 and Q19. The Clerk's Office also requested that SERA generate Policy Briefs drawing from past and current research outputs to share with relevant portfolio committees to strengthen their public and economic policy oversight during the tenure of the 8th Session of Parliament.

5. TECHNICAL SERVICES: ASSISTANCE TO ZIMSTAT

Support for the Central Business Register (CBR)

During Q17 the ZIMSTAT made progress on completing the Central Business Register (CBR). In doing so they took steps in cleaning the CBR data, checking for inconsistencies from the tables produced; and updating the CBR report for completion by 29 January 2016 during Q18.

Support for the Survey of Services (SS)

In coordination with the CBR ZIMSTAT is also completing the Survey of Services. In doing so they are verifying and updating of SS data, which previously held inconsistencies, and are imputing data for missing/inconsistent data that was not verifiable. Upon completing the data cleaning and analysis ZIMSTAT will complete the final report. This will include creating preliminary report tables and ensuring data consistency and produce the SS draft report by mid-January and the SS final report by January 31, 2016

ZIMSTAT is also working on completing remaining tasks for the Data Quality reports to ensure contractual compliance with their purchase order. These tasks include further data entry and cleaning to ensure the final reports are professional quality.

Support for ZIMSTAT Website Development

During Q17, ZIMSTAT confirmed that it completed ZARNET under the supervision of SERA consultant Kuziva Zimunya. In addition, all installations required for the website have been completed per the implementation schedule, and the website is ready to go live.

6. CROSS-CUTTING ISSUES

The SERA contract identifies three cross-cutting issues as “general program parameters and guidance” applying to overall performance: coordination with other USAID programs; poverty; and gender.

Coordination with Other Programs

SERA continued collaborating with other partners, particularly the World Bank on Doing Business activities. The two Technical Leads, Ashok Chakravarti and Rongai Chizema, are continuing to actively participate in two Technical Working Groups (TWGs) with the World Bank: the Start a Business (SAB) TWG and the Construction Permits TWG.

SERA is also coordinating its activities with other key stakeholders, namely:

- **The National Economic Consultative Forum (NECF)** - SERA provided funding to NECF for to organize the Policy Dialogue on “Maize Marketing and Pricing in Zimbabwe” on October 9, 2015. The Policy Dialogue is to present the key findings of the SERA-supported study and to consider the study’s recommended policy interventions for an optimal system of grain marketing and pricing in Zimbabwe.
- **Parliament of Zimbabwe and SAPST** - SERA provided funding for a workshop on Economic Literacy for Parliamentarians in Zimbabwe, held on October 26, 2015.
- **Chamber of Mines of Zimbabwe (COMZ)** – Plans are underway for SERA to provide funding in Q18 to support the dissemination of the COMZ “State of the Mining Sector Survey”. SERA will also provide funding for COMZ to host a dissemination workshop to present key findings of the SERA- supported Mining Information Mapping Study.

Outside the USAID community, the COP continued discussions on policy issues and program coordination with the World Bank, UNDP, DFID, MEFMI and RBZ.

Poverty

In Q17, SERA initiated a study on the Pension Industry in Zimbabwe in response to a request from MOFED. The objective of the study was to expand evidence-based research that is envisaged to inform appropriate policy reform in the Non-Bank Financial Sector covering pensions and insurance. The pensions industry plays a central role in developing economies and in markets where stable financial markets exist: they provide medium and long-term stable investment resources for physical infrastructure, an anchor for complimentary private sector development. The pensions sector complements the banking sector in the provision of liquidity in the economy. It provides stable long-term capital crucial for strategic investments in sectors that anchor private growth, and hence economic development. Pension funds also provide financial resources for various government programs through prescribed assets. Pension funds are one of the major sources of investment on the Zimbabwe Stock Exchange, with total assets in excess of US\$1.7 billion. In addition, the value of prescribed assets in various government programs is in excess of US\$170 million.

The pension industry is also an integral part of poverty reduction in that it provides and maintains the asset values of the long-term savings of a significant proportion of the population in the formal sector. Pension funds also play an important role in social security through mobilizing resources as income for individuals when they reach retirement age.

SERA also commissioned an Earnings and Wage Structure study in Q17. LEDRIZ, a local research firm, prepared a research paper on Zimbabwe’s earnings structure and its impact on labor costs, both in the public and private sectors. The study assesses the effects the country’s current earnings and wage structure has on the macroeconomic capability of GOZ to support sustainable development and the ability of the economy to remain competitive. The study also considers the impact of labor laws, labor market flexibility, wage setting mechanisms, and the regulations and corporate

governance standards underlying the determination of wage and management salaries in the public and private sectors, among other factors. Wages play a fundamental role in the distribution of income and reduction of poverty and economic growth. Falling labor earnings produce several problems: growing inequality, social exclusion, a rise in crime or even social and political unrest. The central role of wages makes them an important policy tool. Understanding wage developments is therefore important for successfully selecting, designing, and implementing policies that raise national income, achieve equitable distribution, and reduce poverty. Appreciating the forces behind wage developments, wage trends, or wage differences, for example, is pivotal in assessing which policies to target particular groups. Wages are also one channel through which major internal and external shocks are transmitted to the economy or the population.

Gender

SERA continues to apply a gender lens in developing and managing all program activities. As with SERA's work on poverty issues, the demand-driven nature of the program means it must specifically tailor its gender considerations to the specific needs of its stakeholders, and encourage those stakeholders to consider the implications of gender in their work when programming with SERA. SERA intends to incorporate gender considerations in the following three studies that have been proposed in the Year 5 Work Plan:

- "Earnings and Wage Structures in Zimbabwe";
- "Maximizing the role of women in business: Mapping the challenges, impediments, and opportunities"; and
- "Unlocking agricultural productivity in Zimbabwe to stem poverty: What are the challenges, impediments, and opportunities to boost smallholder agriculture capacity?"

During Q17 SERA held internal discussions with key stakeholders about women in business and the constraints they face in developing and managing their businesses in the informal sector. SERA is preparing a Concept Note on this issue intends to launch a study during Q18.

In all program activities SERA tracks participants by gender, as reported in [Appendix D](#). SERA also works closely with program stakeholders to achieve as much gender-balance as possible in all SERA-sponsored training activities

In addition to the standard practice of tracking participants by gender, SERA also:

- Consistently emphasizes the importance of gender balance in meetings with the GOZ and other partners in all SERA-supported training and outreach activities;
- Monitors and evaluates activities based scoring the gender content of research designs and SERA-supported studies ([see Appendix D](#)); and
- Works with stakeholders to come as close as possible to achieving gender balance in sponsoring economists for SERA-sponsored training activities. With reference to the activities summarized in [Section 3](#), some results during Q17 include:
 - In-country short course on Model Building for the RBZ, October 12 to 16, 2015 for 12 participants: 10 men, 2 women;
 - Parliamentary Training and Capacity Building first session, October 26 2015 for Parliamentarians: 35 men, 20 women;
 - MSc bursary: 3 women; and
 - PhD bursary: 2 men, no women. The recruiting challenge for this program was discussed in earlier quarterly reports.

7.IMPLEMENTATION OF THE WORK PLAN

Due to SERA's demand drive nature, the project must collaborate closely with its partners, including ZEPARU, ZIMSTAT, ZIA, and others in responding to their expressed needs and implementation of the Work Plan. Therefore, implementing the work plan must move in pace with the partners. Experience show working on these partners' schedule can cause delays, but the partners ultimately take much greater collaboration and ownership for project activities, leading to greater and more lasting success. Nonetheless, most of the planned activities have been carried out on schedule, while others are in process. During Q17 SERA's main implementing partners, ZIA and the MJLPA, were proactive in making decisions enabling the program to proceed with implementing its scheduled activities. For example, the MJLPA issued a letter of 'Request for Support to Recruit two Consultants to Draft the Amendments to the Private Business Corporation Act and the Shop Licenses Act', while the MIC issued the 'Concept Note on Licensing & Business Regulatory Reform in Zimbabwe'. SERA continued to implement these program elements per the Year 5 Work Plan. **Annex 1** provides an itemized summary of the status of activities targeted in the Work Plan for Year 5, as implemented through Q17.

Activities completed during the Quarter include:

- The Study on **"Maize Marketing and Pricing Policy"** was completed and validated at a Stakeholders Workshop.
- The **"Pensions Industry Study"** was completed and validated at a Stakeholder Workshop hosted by the Ministry of Finance and Economic Development.
- **"Economic Literacy Training"** to the Chairpersons of Parliamentary Portfolio Committees.
- SERA continued with assistance to ZIMSTAT in support of the upgrading of the CBR report, as well as data collection for establishments that have not yet responded.
- RBZ held the first of the three phases of the Macroeconomic Modelling training workshop.

8.SERA PROGRAM CHALLENGES

SERA continued to face challenges during the quarter, some of which were inherited from the previous quarter.

Technical Assistance to ZEPARU

The SERA program continued to provide ZEPARU with a Training Coordinator to augment their limited staff capacity. At the end of Year 4 (Q16), SERA discontinued funding ZEPARU research interns, but remains open to funding other activities, including supporting the ZEPARU website and printing research products. Overall, SERA support to ZEPARU has declined as the program has shifted its strategic focus and resource allocation to directly implementing activities with the GOZ and CSO partners.

Managing an Increasing Number of Counterparts and More Diverse Activities

As SERA continues to support more GOZ and CSO counterparts as part of its strategic shift, it has developed increasing management needs to effectively respond to all stakeholders. As such, SERA continues to work with Technical Advisor Ashok Chakravarti and Senior Economist Rongai Chizema as Technical Leads, mainly for the Program's technical research activities. SERA continues to look for methods and resources to improve its overall program management and responsiveness to program stakeholders. During this quarter SERA M&E/Training Coordinator Emmanuella Matorofa has increasingly taken on a role managing some project activities at the direction of the COP and Technical leads, based on her impressive performance working with project stakeholders to date at training activities.

9. PLANNING FOR THE NEXT QUARTER

This section outlines selected key activities that were in process during Q17 which will continue in Q18, which is the second quarter of Year 5.

Assistance to ZEPARU

1. During Q17, SERA, the RBZ and MEFMI held the first of three phases of the Macroeconomic Modelling workshop from October 12 to 16, 2015. The second phase, scheduled for Q18, will focus on the development of an operational macro econometric model involving specification of macroeconomic blocks, constructing the model object, model testing and experimentation. SERA will also support the RBZ's third phase of the Financial Programming course during the next quarter.
2. SERA will continue funding ZEPARU bursaries for the three remaining government economists pursuing a part-time M.Sc. program in Economics at the University of Zimbabwe until the end of the project in September 2016.
3. The second Ph.D. candidate completed his degree during Q17 and will graduate in April 2016 (Q19). SERA will continue funding the only remaining ZEPARU bursary economist from RBZ, who is pursuing his Ph.D. program at the University of Pretoria, in South Africa.

Assistance to ZIMSTAT

1. SERA will continue to support the updating of the CBR, including data collection for establishments that have not yet responded, with the target date for completion being in early Q18.
2. SERA will continue funding the Survey of Services (SS) data collection and data processing, as well as the production of the draft report and the final SS report in early Q18.
3. SERA will complete the new ZIMSTAT website, to launch during Q18.

Assistance to Private Sector and Civil Society Organizations

1. SERA will support the Dissemination Workshop of Corruption Survey in collaboration with CZI, ZNCC, and SMEAZ early in Q18. The Survey results were completed and presented to SERA and other stakeholders during Q17.
2. SERA will support a Validation workshop for the Mining Sector Survey in collaboration with COMZ.
3. SERA will support the Mining Information Mapping study Dissemination workshop during Q18, also in collaboration with COMZ.
4. SERA will fund or co-finance research seminars and workshops relating to SERA-supported studies.

Assistance to the GOZ

1. SERA will continue to support the review and finalization of the new Companies Act as well as numerous other regulatory instruments in support of Doing Business with the World Bank, OPC, MJLPA, and other stakeholders.
2. SERA will support the Business Licensing and Regulatory Environment of Zimbabwe and provide the necessary recommendations for implementation by the Government and other stakeholders.

10. PERFORMANCE MONITORING

Annex 2 provides three matrices that appear in each progress report to monitor the USAID SERA program performance in terms of delivering outputs, achieving results, and producing proximate outcomes.

A fourth matrix provides information on “context indicators” that track Zimbabwe’s progress towards the USAID-SERA program goal of improving the macroeconomic environment for growth and poverty reduction. Although no claim can be made for attribution to SERA, several observations are worth citing:

Annex 1. Implementation of Year 5 Work Plan – Status at end of Quarter 17

Work Plan Task / Activity	Status at End of Quarter 17
1. MANAGEMENT AND ADMINISTRATION SERVICES	
1.1. PROJECT MANAGEMENT AND ADMINISTRATION	
Coordinate with COR, other USAID programs, other key donors	Ongoing
Develop and manage STTA assignments	Ongoing
Maintain project accounts consistent with budget parameters, and documentation for audit	Ongoing and up to date
Maintain documentation for activities, expenditures, and monitoring indicators	Ongoing and up to date
1.2. REPORTS	
Submit Annual Report for Year 4 (also serving as Quarterly Report for Q16)	Done
Work Plan revision, if necessary	Done Year 5 Work Plan approved by USAID with minor modifications. additional activities to be approved by USAID case-by-case
Submit Quarterly Progress Reports	On Schedule
Submit Quarterly Financial Reports	On Schedule
Submit Quarterly Accrual Reports	On Schedule
Submit Activity Reports, Success Stories	On Schedule
Submit monthly activities reports and weekly highlights as appropriate	Weekly bullets submitted to COR as warranted.
Submit Annual Work Plan for Year 5	Done
Submit updated M&E Plan for Year 5	Done
Submit library of reports and information products to DEC	Guidance from COR received on materials to be submitted to DEC. Nathan HQ processes the documents for submission as available
Submit Final Report	Scheduled for Q20

Work Plan Task / Activity	Status at End of Quarter 17
2. ASSISTANCE TO GOZ, PRIVATE SECTOR AND CSOs	
Coordinate with GoZ, Private Sector and CSOs on priorities for support and development of activities	Ongoing
Liaise on program activities with Parliament, RBZ	Ongoing - SERA Program provided funding for a workshop on Economic Literacy for Parliamentarians in Zimbabwe, held at Pandhari Hotel, 26 October 2015. In – country short course on Model Building for the RBZ, 12-16 October 2015, held at Kadoma Ranch Hotel.
Liaise on program activities with other USAID projects & other donors	Ongoing - SERA has also been coordinating its activities with other key stakeholders such as NECF and Chamber of Mines. COP continued discussions on policy issues and program coordination with the World Bank, UNDP, and DFID
Coordinate with GoZ to implement Doing Business Reforms	Review of the Rapid Results Initiative 100 day Work Plan in collaboration with WB and coordinated by OPC completed. New Zealand Company Registry Office Study tour undertaken, 21-29 November 2015 and output feeding into review of the Company Act.
2.1. RESEARCH AND ANALYSIS	
Provide technical support in producing approximately 10 high quality research products on topics of importance to economic policy makers through STTAs and outsourced research. Potential themes include <i>(with timing indicative only)</i> :	
<i>Private Sector Development (continuing research theme)</i>	SERA discussions with CZI advanced on the Value Chain Analysis Study. This is scheduled for Q18.
<i>Economic Governance</i>	Mineral Revenue Disclosure and Information Mapping Study Completed in Q17; Pensions Industry Study initiated in Q17 and is scheduled to be completed in Q18.
<i>Strategies for Inclusive Growth (new research theme: some in-house, some outsourced)</i>	Wages Structure Study outsourced in Q17 and is scheduled to be completed in Q18.
<i>Formalizing the informal sector in Zimbabwe</i>	Not done.
<i>Public Expenditure Management (continuing research theme)</i>	No new items in Year 5
Provide technical and financial support in producing Policy Briefs: These briefs will package key research results and highly topical policy issues into a form that is easily accessible for Parliamentary Portfolio	Scheduled for Q18

Work Plan Task / Activity	Status at End of Quarter 17
Committees	
Business Environment Survey – perceptions of corruption	Completed in Q17. The BMOs Business transactional corruption dissemination workshop is scheduled for Q18
Provide technical and financial assistance for research dissemination	Ongoing
2.2. PARLIAMENTARIAN TRAINING THROUGH ZEPARU	
In collaboration with Parliament: Deliver training on Economic Literacy.	Ongoing - SERA Program provided funding for a Workshop on Economic Literacy for Parliamentarians in Zimbabwe, held at Pandhari Hotel, 26 October 2015.
Provide technical support to PoZ on the following (on a demand –drive basis)	Ongoing
Policy Research for Portfolios Committees	Scheduled for Q18
Legislative Analysis	Scheduled for Q18
2.3.A SHORT-TERM TRAINING OF ECONOMISTS THROUGH ZEPARU AND MOF	
With RBZ and MoF, design, develop and deliver at least 5 customized local short-courses for economists. Menu of subjects include:	Ongoing
Macroeconomic Modelling (3 phases, phase 1 to be undertaken in October)	SERA Program provided funding for phase one and conducted an in – country short course on Model Building for the RBZ, 12-16 October 2015 for 12 participants.
Financial Programming and Policies (continuation from Year 4) 3 out of the 5 phases remaining from year 4	Phase three scheduled for Q18
Conduct ex-post evaluations 6 months after each training event to assess value on the job and knowledge retention	Ongoing
2.3.B LONG-TERM TRAINING OF ECONOMISTS	
Continue bursary funding for 3 government economists as ZEPARU Scholars for part-time MSc program	3 bursary recipients in the third and final year continuing in MSc program at UZ

Work Plan Task / Activity	Status at End of Quarter 17
in Economics at UZ	
Continue bursary funding for 2 RBZ economists as ZEPARU Scholars pursuing PhD programs in economics in South Africa	One PhD scholar completed his PhD at NMMU and is scheduled to graduate in Q18. Remaining one scholar continuing in PhD program at UP
Monitor use of laptop computers provided by SERA to ZEPARU Scholars	Ongoing
Provide logistical and personal support to ZEPARU Scholars studying in South Africa	Ongoing
Track progress of all SERA-funded bursary recipients	Ongoing
2.5 WORKSHOPS/RESEARCH DISSEMINATION EVENTS	
Assist NECF, CSOs and other partners in planning, organizing and dissemination of commissioned research	Ongoing - The SERA program provided funding to NECF for organising and hosting the Policy Dialogue on “Maize marketing and pricing policies in Zimbabwe” on the 9th of October 2015 at Rainbow Towers Hotel in Harare and to MOFED to host a validation workshop for the Pension Industry Sector Study, 20 November 2015, Crowne Plaza Hotel.
Provide funding for research seminars, stakeholders workshops (such as Parliamentary Portfolio Committees) and policy dialogue events co-hosted with other key stakeholders	Maize Marketing Study to be presented to Parliament Portfolio Committee on Land, Agriculture, Mechanization and Irrigation SERA to also support the Analysis of the SEZ Bill in Q18
2.5 TARGETED SUPPORT TO CSOS AND OTHER PARTNERS	
Starting a Business Reforms	Ongoing with SERA STTAs undertaking the following:
<ul style="list-style-type: none"> - Municipal Business License Reforms 	<ul style="list-style-type: none"> - A Revenue Sensitivity Analysis to establish appropriate fee threshold for shop licenses; - Construction Permits and Plan Approval Review; - Shop Licensing Act Review
<ul style="list-style-type: none"> - Company Registry Reforms 	Review of the Companies Act initiated in Q17, scheduled to be completed in Q18.
Operating a Business Reforms	Scheduled for Q18
<ul style="list-style-type: none"> - Business Regulatory Environment Reforms 	
<ul style="list-style-type: none"> - Streamlining of Building Plans approvals and permits system 	Construction Permits and Plan Approval Review; Shop Licensing Act Review

Work Plan Task / Activity	Status at End of Quarter 17
- Credit Worthiness and Insolvency Reforms	Taken over by WB
Improving National Competitiveness	Assisted in the drafting of the National Competitiveness Act
Pension Sector Reforms	Pensions Industry Study initiated in Q17, validation workshop undertaken on 20 November 2014. Study scheduled to be completed in Q18.
3. ASSISTANCE TO ZIMSTAT	
Coordinate with ZIMSTAT on priorities, activities.	Ongoing meetings as needed determined by progress with ongoing activities and ZIMSTAT schedules.
Liaise with other donors for coordination on support for ZIMSTAT	Ongoing intermittent discussions with WB, UNDP and DFID
Fund completion of Central Business Registry (CBR) project	ZIMSTAT has continued with the CBR re-canvassing for those establishments that did not respond during the main CBR survey. Updating of the CBR report is expected to be completed by 29 January 2016
Co-finance the Survey of Services (SS) project	Updating of the CBR report to be completed by 29 January 2016
STTA to assist with ZIMSTAT website upgrade	Completed.
STTA to assist ZIMSTAT to populate the NADA with anonymized microdata sets, in full compliance with confidentiality requirements.	On-hold, awaiting ZIMSTAT's instruction that they are ready to populate the NADA.

Annex 2: Performance Monitoring Indicators

Table A2.1. Output Indicators
Table A2.2. Intermediate Results Indicators
Table A2.3. Outcome Indicators
Table A2.4. Context Indicators